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New Century AIM VCT2 plc

31st December

2009

Audited Report and Accounts for the year to 31st December 2009

Financial Summary

	Year ended 31 December 2009	Year ended 31 December 2008
Revenue return per share (pence) for the year	0 14	0 98
Total return per share (pence) for the year	6 05	(47 09)
Proposed dividends per share (pence)	0 22	0 74
Net asset value per share (pence)	50 04	45 00
Cumulative value of shareholder investment (net asset value plus cumulative dividends per share) (pence)	51 58	45 80
Shareholders' funds (£'000)	2,881	2,581

Investment Objective

New Century AIM VCT2 PLC is a Venture Capital Trust ("VCT") established under the legislation introduced in the Finance Act 1995 The company's principal objectives as set out in the prospectus are to achieve long term capital growth through investment in a diversified portfolio of Qualifying Companies primarily quoted on AIM

Chairman's Statement

In the year to 31st December, 2009, the net asset value of your fund climbed by 11 2% This was disappointing compared to the FTSE AIM Index which rose by 66 9% over the period The strength of the AIM Index was primarily due to a rapid surge in the shares of natural resource stocks which are generally not VCT qualifying investments

We are pleased to announce that qualifying investments now total 74 49% of the fund by cost This is in excess of the 70% minimum requirement by April this year

We propose to pay out all our revenue reserves by way of dividend, which equates to 0 22p per share compared to 0 74p last year

I would like to thank the management for their continued efforts over the past year

Annual General Meeting

The AGM will be held at 11 30 am on Monday 14 June 2010 at 17-21 New Century Road, Laindon, Essex SS15 6AG I look forward to meeting those shareholders who are able to attend

Geoffrey Charles Gamble

Chairman

28 April, 2010

Details of Directors

Michael Barnard (Aged 58)

Michael has been employed in stockbroking since 1971 In 1974 he became a Member of the Stock Exchange During his career his duties have spanned investment advising, investment research, dealing and company management In 1988 he started his own stockbroking company, M D Barnard, which now has a staff (including self employed registered representatives) of 21 Based in Laindon, Essex, it has offices in London, Wells, Exeter and Colchester Since 1995, he has been either managing or advising unit trust, private client and pension company portfolios with a total value of approximately £115 million

Geoffrey Gamble (Aged 49)

Geoffrey started his career with National Westminster Bank plc He joined Publishing Holdings plc in 1984 and became a director in 1986 He took part in an MBO in 1988, backed by Schroder Ventures (now Permira) to form Charterhouse Communications Group Ltd and was instrumental in the satisfactory venture capital exit from that company and its flotation on AIM in 1996 He became managing director of Charterhouse Communications plc in 1999

Robin Kirby (Aged 66) (resigned 22 May 2009)

Robin joined the Bank of England where he remained until he retired in 1998 in a senior management position During his time in the Bank, Robin specialised in foreign exchange and was seconded to the International Monetary Fund for three years, working in the Central Bank of Botswana He also undertook many missions throughout the world for the World Bank and other international agencies, particularly in the Far East and Africa He currently runs his own consultancy business, Robin Kirby & Associates Limited, which specialises in advising developing countries on foreign exchange and foreign direct investment issues

Peter William Riley (Aged 63)

Peter qualified as a solicitor in 1969 and in that year became partner of Mitchells, Solicitors In 1977, he became a partner in his present solicitor practice, Daybells, where he specialises in property law with an emphasis on large commercial properties

Ian Cameron-Mowat (Aged 59) (appointed 22 May 2009)

Ian has a Bsc 1st degree in electronics and was involved in the early development of computers at Burroughs Machines He is currently a consultant radiologist to a NHS Trust

Management and Administration

Registered Office	4^{th} Floor, 150-152 Fenchurch Street London EC3M 6BB
Company Secretary	Graham Kenneth Urquhart FCIS 4^{th} Floor, 150-152 Fenchurch Street London EC3M 6BB
Registrar	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Solicitors	Dundas & Wilson 5th Floor, Northwest Wing Bush House Aldwych London WC2B 4EZ
Investment Manager and Broker	M D Barnard & Company Limited 17-21 New Century Road Laindon, Essex SS15 6AG
Auditor & VCT Status Adviser	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW
Bankers	Bank of Scotland New Uberior House 11 Earl Grey Street Edinburgh EH3 9BN

Directors

Geoffrey Gamble (Chairman)
Michael David Barnard
Robin Kirby (resigned 22 May 2009)
Peter William Riley
Ian Cameron-Mowat (appointed 22 May 2009)

All directors are non-executive

Audit Committee

Geoffrey Gamble (Chairman)
Robin Kirby
Peter William Riley

Investment Manager's Review

2009 was a very difficult year for smaller companies, particularly for those that were going through the development phase Banks were unwilling to finance such companies through this difficult period while there was generally a lack of appetite from venture capitalists to finance these early stage companies Both Cantono and EBTM went into receivership during the period In the case of Cantono, we did join a syndicate to finance the company while it sold off its properties The properties were successfully realised, giving a £20,148 profit or 40% return on the refinancing outlay over a nine month period Against this we had to write off a further £7,500 loss arising from the equity during the year Unfortunately, the fund lost a further £150,000 as a result of the EBTM receivership

Coolabi, despite achieving everything that they promised saw their share price suffer due to a large seller The fall in its share price resulted in a decline in value of £113,500 during the year Since the year end, the seller has been cleared out and the share price has recovered by 50% or £94,000 The only other significant disappointing investment was Boomerang which fell in value by £90,000 following disappointing results

On a positive front, Tristel's share price moved up by 68% and Corac by 40%

Since the year end the fund has seen a further 6 5% increase in net asset value and as at the 28th January, was standing at 53 3p per share

We do not expect 2010 to be easy, with spending cuts and higher taxation both likely to suppress demand Nevertheless, shares of smaller companies outside the natural resources sector are still very low There has been some loosening of bank lending and confidence is returning As a result, we believe that the fund will show further recovery this year

Michael Barnard

28 April 2010

Investment Portfolio

Security	Cost	Valuation 31/12/2009	% Cost	% Valuation
Qualifying Investments	4,062,975	2,160,887	74 49	74 82
Non-qualifying Investments	1,440,389	776,268	26 41	26 88
Uninvested Funds	(48,901)	(48,901)	-0 90	-1 69
	5,454,463	2,888,253	100 00	100 00
Qualifying Investments				
AIM Quoted				
St Helens Capital plc	151,504	27,000	2 78	0 93
Coolabi plc	394,694	187,500	7 24	6 49
IS Pharma plc	301,500	321,428	5 53	11 13
EBTM plc	471,420	-	8 64	0 00
Cantono plc	301,500	-	5 53	0 00
HML Holdings plc	271,350	127,500	4 97	4 41
Sport Media Group plc	125,625	8,333	2 30	0 29
Southern Bear	301,500	112,500	5 53	3 90
Kurawood plc	150,750	525	2 76	0 02
Boomerang Plus plc	238,185	124,500	4 37	4 31
Corac Group plc	73,868	47,250	1 35	1 64
Tristel plc	247,640	348,000	4 54	12 05
Advanced Computer Software	102,510	216,000	1 88	7 48
Cyan Holdings plc	157,862	185,000	2 89	6 41
Lipoxen plc	72,973	85,000	1 34	2 94
Savile Group	126,254	108,750	2 31	3 77
Winkworth plc	72,360	72,000	1 33	2 49
Green Compliance plc	50,250	100,000	0 92	3 46
Bango plc	47,537	61,600	0 87	2 13
	3,659,282	2,132,886	67 09	73 85
Plus Markets Quoted				
General Medical Clinics plc	37,371	28,000	0 69	0 97
CKS Group plc	366,323	-	6 72	0 00
	403,694	28,000	7 40	0 97
Total Qualifying Investments	4,062,975	2,160,887	74 49	74 82

Investment Portfolio

Security	Cost	Valuation 31/12/2009	% Cost	% Valuation
Non-qualifying Investments				
AIM Quoted				
K3 Business Technology	34,972	20,000	0 64	0 69
NetDimensions Ltd	31,155	7,125	0 57	0 25
Ashley House plc	96,176	81,000	1 76	2 80
Microemissive Displays	49,046	-	0 90	0 00
DCD Media	60,300	6,375	1 11	0 22
Neutrahealth plc	30,459	11,875	0 56	0 41
Eco City Vehicles	15,530	18,000	0 28	0 62
ILX Group	30,099	13,500	0 55	0 47
Sanderson Group	58,231	22,400	1 07	0 78
Pactolus Hungarian Prop	10,616	6,813	0 19	0 24
Fishworks plc	30,150	-	0 55	0 00
AT Communications Group	41,815	-	0 77	0 00
Shed Media plc	16,463	21,500	0 30	0 74
China Eastsea Business Software	12,564	3,250	0 23	0 11
Clerkenwell Ventures	-	5,600	0 00	0 19
Norcon plc	19,695	19,200	0 36	0 66
STM Group	35,855	25,000	0 66	0 87
Alliance Pharma plc	25,251	53,000	0 46	1 84
Burford Capital Ltd	25,250	25,750	0 46	0 89
Colliers CRE plc	20,200	19,000	0 37	0 66
Rotala plc	35,351	42,000	0 65	1 45
	679,176	401,387	12	14
UK Listed				
Superglass Hldgs plc	45,225	6,375	0 83	0 22
Investec	458,138	168,480	8 40	5 83
Record plc	30,150	14,438	0 55	0 50
Primary Health Properties	51,106	64,240	0 94	2 22
Chime Communications plc	145,726	90,989	2 67	3 15
	730,345	344,521	13 39	11 93
Unlisted Investments				
DCD Media loan notes 2012	30,868	30,360	0 57	1 05
	30,868	30,360	0 57	1 05
Total Non-qualifying Investments	1,440,389	776,268	26 41	26 88

Top Ten Investments

Security	Cost	Valuation	%
Trıstel plc	247,640	348,000	12 05
IS Pharma plc	301,500	321,428	11 13
Advanced Computer Software	102,510	216,000	7 48
Coolabı plc	394,694	187,500	6 49
Cyan Holdıngs plc	157,862	185,000	6 41
Investec	458,138	168,480	5 83
HML Holdıngs plc	271,350	127,500	4 41
Boomerang Plus plc	238,185	124,500	4 31
Savıle Group	126,254	108,750	3 77
Green Complıance plc	50,250	100,000	3 46

The ınvestments tabulated above are expressed as a percentage of the company's ınvestment portfolıo ıncludıng unınvested cash

Directors' Report

The directors present their report and the audited financial statements for the year to 31 December 2009

Activities and status

The principal activity of the company during the year was the making of long-term equity and loan investments in unquoted and AIM traded companies in the United Kingdom The company has been listed on the London Stock Exchange since 4 April 2007 and has been granted provisional approval by the Inland Revenue as a Venture Capital Trust The Chairman's Statement on page 2 and the Investment Manager's Review on page 6 give a review of developments during the year and of future prospects

The directors have managed the affairs of the company with the intention that it will qualify for approval by the Inland Revenue as a Venture Capital Trust for the purposes of Section 842AA of the Income and Corporation Taxes Act 1988 ('the Act') The directors consider that the company was not at any time up to the date of this report a close company within the meaning of Section 414 of the Act

Results and dividend

	Year to 31 December 2009		Year to 31 December 2008	
	Revenue £'000	**Capital £'000**	**Revenue £'000**	**Capital £'000**
Return on ordinary activities after taxation	8	339	56	(2,761)
Appropriated as follows				
Interim dividend paid				
Revenue – nil p	-	-	-	-
Capital – nil p	-	-	-	-
Final dividend paid in respect of prior year				
Revenue – 0 74p (0 70p) per share	(48)	-	(46)	-
Capital – nil p per share	-	-	-	-
Transfers to reserves	(40)	339	10	(2,761)

The directors propose a final dividend of 0 22p per share for the year ended 31 December 2009 to be paid on 16 July 2010 to shareholders on the register at 9 July 2010

Directors' Report

Directors

The directors of the company who served throughout the year and their interests in the issued ordinary shares of 10p of the company are as follows·

	Year ended 31 December 2009	Year ended 31 December 2008
Michael David Barnard	200,000	200,000
Geoffrey Gamble	176,000	176,000
Robin Kirby (resigned 22 May 2009)	-	-
Peter William Riley	3,000	3,000
Ian Cameron-Mowat (appointed 22 May 2009)	100,000	100,000

All of the directors' share interests shown above are held beneficially There have been no changes in the directors' share interests between 31 December 2009 and the date of this report

Brief biographical notes on the directors are given on page 3 The director, retiring in accordance with the Company's Articles of Association, is Mr Barnard, who being eligible will offer himself for re-election at the forthcoming annual general meeting The directors believe his experience in small companies is a great benefit to the Board and recommend his re-election

None of the directors have a contract of service with the company and, except as mentioned below under the heading "Management", there were no contracts that subsisted during the year in which a director was materially interested and which was significant in relation to the company's business

Management

M D Barnard & Co Limited has acted as investment manager to the company since inception The principal terms of the Investment Management Agreement are set out in Note 3 to the Financial Statements

VCT status monitoring

The company has engaged UHY Hacker Young LLP to advise it on compliance with the VCT legislation UHY Hacker Young LLP reviews the company's investment portfolio to monitor ongoing VCT compliance UHY Hacker Young LLP works closely with the investment manager, but reports directly to the Board of the company

Substantial shareholdings

The company has been notified, in accordance with Chapter 5 of FSA's Disclosure and Transparency Rules, of the under noted interests as at 31 December 2009 of 3 per cent shareholders and above

MD Barnard	200,000
DM Trotman	200,000
RS Like	200,000
JR Atkinson	200,000
J Beddoe	200,000
T Phanos	200,000
IA Houston	200,000
A Lanza	200,000
G Gamble	176,000

Directors' Report

Creditor payment policy

The company's payment policy is to agree terms of payment before business is transacted and to settle accounts in accordance with those terms The company's principal expenses such as investment management fees and administration fees are paid quarterly in arrears in accordance with the respective agreements Accordingly the company had no material trade creditors at the year end

Annual general meeting

Notice of the annual general meeting is set out on pages 33 and 24

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution proposing that UHY Hacker Young LLP be reappointed as auditors of the Company and that the Directors be authorised to determine their remuneration will be put to the next Annual General Meeting.

By Order of the Board

Michael Barnard

28th April 2010

Directors' Remuneration Report

The Board has prepared this report in accordance with the requirements of the Companies Act 2006 A resolution to approve this report will be put to the members at the Annual General Meeting to be held on 14 June 2010

Directors' remuneration policy

The company does not have any executive directors and, as permitted under the Listing Rules, has not, therefore, established a remuneration committee Directors do not receive any remuneration or fees

The directors shall be paid by the company all travel, hotel and other expenses they may incur in attending meetings of the directors or general meetings or otherwise in connection with the discharge of their duties Any director who, by request of the directors, performs special services may be paid such extra remuneration as the directors may determine

Directors' remuneration (audited)

None of the Directors received any remuneration from the company during the year under review

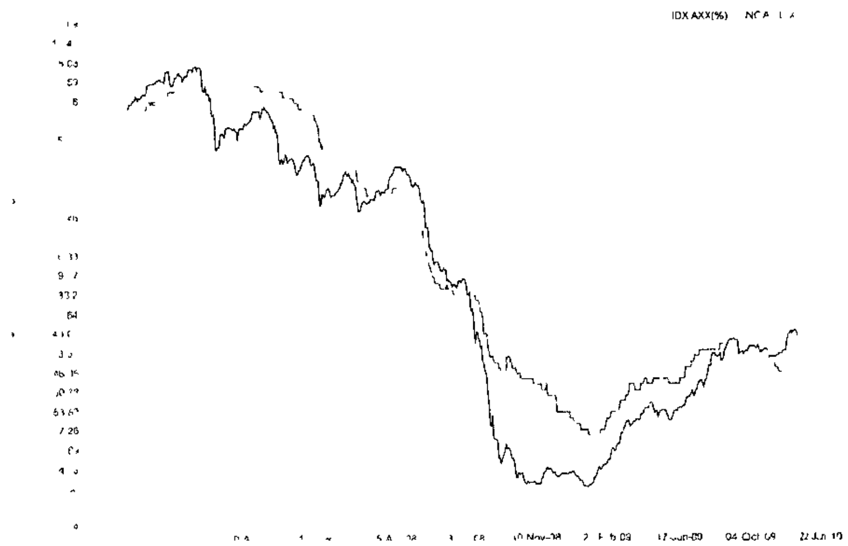
No other emoluments or pension contributions were paid by the company to, or on behalf of, any director None of the directors has a service contract with the company It is expected that the directors will continue not to receive any remuneration for their services in the forthcoming years

Performance

The directors consider that the most appropriate measure of the company's performance is its Cumulative Value of Shareholder Investment (net asset value plus cumulative dividends) The company's Cumulative Value of Shareholder Investment at 31 December 2009 and 31 December 2008 is set out in the Financial Summary on page 1

Directors' Remuneration Report

Total shareholder return



The above graph shows the company's total shareholder return compared to that of the FTSE AIM All Index total return for the period since listing on the London Stock Exchange

By Order of the Board

Michael Barnard

Corporate Governance

The directors support the relevant principles of the Combined Code issued in June 2008 by the Financial Reporting Council, being the principles of good governance and the code of best practice as set out in Section 1 of the Combined Code annexed to the Listing Rules of the Financial Services Authority

Going Concern

Bearing in mind that the assets of the company consist mainly of marketable securities, the directors are of the opinion that at the time of approving the financial statements, the company has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the financial statements

The Board

The company is led and controlled by a Board of directors who are all non-executives and who have had relevant experience with quoted companies prior to their appointment The Chairman is Geoffrey Gamble Biographical details of all Board members are shown on page 3

One third of the Directors are subject to re-election at each AGM by rotation

During the year the following were held

4 full board meetings	2 Audit Committee meetings
All directors attended all meetings with the exception of Mr Riley on one occasion	All members attended with the exception of Mr Riley

All directors had relevant experience with quoted companies prior to their appointment and it was therefore not thought necessary to provide further training in respect of their obligations and duties

The Board has also established procedures whereby directors wishing to do so in the furtherance of their duties may take independent professional advice at the company's expense

All directors have access to the advice and services of the Company Secretary The Company Secretary provides the Board with full information on the company's assets and liabilities and other relevant information requested by the Chairman, in advance of each Board meeting

The Board believes that it presents a balanced and understandable assessment of the company's position and prospects The Audit Committee meets at least once a year Under the chairmanship of a non-executive director, its membership comprises all the non-executive directors with the exception of the representative of the investment manager During the year the Audit Committee was chaired by Mr Gamble The Audit Committee reviews the financial statements and is reported to by the external auditors Further, the Audit Committee keeps under review the cost effectiveness, independence and objectivity of the auditors A formal statement of independence is received from the external auditors each year The terms of reference of the audit committee are available for inspection at the company's registered office

During the year Messrs UHY Hacker Young LLP continued to act as auditors, and reviewed the internal financial controls including those of the investment manager in the course of which a risk assessment was considered The investment manager is authorised and regulated by the Financial Services Authority and the directors have an opportunity to review their own auditors' review of their financial controls

Relations with shareholders

The Chairman is the company's principal spokesman with investors, fund managers, the press and other interested parties

Shareholders will have the opportunity to meet the Board at the AGM The Board is also happy to respond to any written queries made by shareholders during the course of the year, or to meet with major shareholders if so requested

In addition to the formal business of the AGM, representatives of the management team and the Board are available to answer any shareholder queries

Corporate Governance

Separate resolutions are proposed at the AGM on each substantially separate issue The Registrars collate proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM In order to comply with the Combined Code, proxy votes will be announced at the AGM, following each vote on a show of hands, except in the event of a poll being called The notice of the next AGM and proxy form can be found at the end of these financial statements

Financial Reporting

The directors' statement of responsibilities for preparing the accounts is set out on page 17, and a statement by the auditors about their reporting responsibilities is set out in the Auditors' Report on page 18

Internal control

The directors are responsible for the company's system of internal control Although no system of internal control can provide absolute assurance against material misstatement or loss, the company's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately

The directors have conducted a review of the effectiveness of the system of internal control for the year covered by the financial statements These accords with the Turnbull guidance

Although the Board is ultimately responsible for safeguarding the assets of the company, the Board has delegated, through written agreements, the day-to-day operation of the company to M D Barnard & Co Limited

Compliance statement

The Listing Rules require the Board to report on compliance with the forty-eight Combined Code provisions throughout the accounting year The preamble to the Combined Code does however acknowledge that some provisions may have less relevance for investment companies With the exception of the limited items outlined below, the Company has complied throughout the accounting year to 31 December 2009 with the provisions set out in Section 1 of the Combined Code

1 The Board has not appointed a nominations committee as they consider the Board to be small and it comprises wholly non-executive directors Appointments of new directors are dealt with by the full Board

2 New directors do not receive a full, formal and tailored induction on joining the Board Such matters are addressed on an individual basis as they arise

3 Due to the size of the Board and the nature of the company's business, a formal performance evaluation of the Board, its committees, the individual directors and the Chairman has not been undertaken Specific performance issues are dealt with as they arise

4 The company has three independent directors, as defined by the Combined Code issued in June 2008 The board consider that Messrs Gamble, Kirby, Riley and Cameron-Mowat are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect the directors' judgement The Board considers that all directors have sufficient experience to be able to exercise proper judgement within the meaning of the Combined Code

5 The company does not have a chief executive officer or senior independent director The Board does not consider this to be necessary for the size of the company

6 The company does not conduct a formal review as to whether there is a need for an internal audit function The directors do not consider that an internal audit would be an appropriate control for a venture capital trust

Corporate Governance

7 The Audit Committee is chaired by John Geoffrey Gamble, Chairman of the Board of directors, whom the board regard as independent despite recommendations to the contrary in the Combined Code due to his being Chairman of the Board of directors

8 The non-executive directors do not have service contracts, whereas the recommendation is for fixed term renewable contracts

9 The company has no major shareholders so shareholders are not given the opportunity to meet any new non-executive directors at a specific meeting other than the annual general meeting

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the revenue of the company for that period In preparing those financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time the financial position of the company, enabling them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for the company's system of internal control, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities

Responsibility statement

The directors confirm that to the best of their knowledge

1 the financial statements, prepared in accordance United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and

2 the Directors' report includes a fair review of the development and performance and position of the company, together with a description of the principal risks and uncertainties that it faces

Statement of disclosure to auditors

So far as the directors are aware

1 there is no relevant audit information of which the Company's auditors are unaware, and

2 the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Independent Auditors' Report to the members of New Century AIM VCT2 plc

We have audited the financial statements of New Century AIM VCT 2 plc for the year ended 31 December 2009 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKP

Opinion on financial statements
In our opinion

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2009 and of the company's profit for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the company financial statements, Article 4 of the IAS Regulation

Opinion on other matters prescribed by the Companies Act 2006
In our opinion

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006,
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements,
- the information given in the Corporate Governance Statement, set out on pages 15 to 16, with respect to internal control and risk management systems in relation to financial reporting processes and about share capital is consistent with the financial statements

Independent Auditors' Report to the members of New Century AIM VCT2 plc

Matters on which we are required to report by exception
We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- a Corporate Governance Statement has not been prepared by the company

Under the Listing Rules we are required to review

- the directors' statement, set out on page 15, in relation to going concern, and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review

Michael Egan (Senior statutory auditor)
for and on behalf of UHY Hacker Young, statutory auditor

UHY Hacker Young
Chartered Accountants
Quadrant House
4 Thomas More Square
London, E1W 1YW

28th April 2010

Income Statement (incorporating the revenue account) for the year to 31 December 2009

	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
			Year ended 31 December 2009			Year ended 31 December 2008	
Gains/(losses) on investments							
- realised		-	108	108	-	77	77
- unrealised		-	244	244	-	(2,800)	(2,800)
Income	2	50	-	50	95	-	95
Investment management fee	3	(7)	(22)	(29)	(10)	(29)	(39)
Other expenses	4	(33)	-	(33)	(31)	-	(31)
Return on ordinary activities before taxation		10	330	340	54	(2,752)	(2,698)
Tax (charge)/credit on ordinary activities	6	(2)	9	7	2	(9)	(7)
Return on ordinary activities after taxation		8	339	347	56	(2,761)	(2,705)
Return per ordinary share (pence)	8	0 14	5 91	6 05	0 98	(48 07)	(47 09)

The notes on pages 23 to 31 form an integral part of these financial statements

All revenue and capital items in the above statement are from continuing operations in the current year No operations were acquired or discontinued in the current year Other than that shown above, the company had no recognised gains or losses Accordingly no statement of total recognised gains and losses has been prepared

Balance Sheet
at 31 December 2009

	Note	As at 31 December 2009 £'000	As at 31 December 2008 £'000
Fixed assets			
Investments	9	2,937	2,555
Current assets			
Debtors	12	6	39
Current liabilities			
Creditors amounts falling due within one year	13	(62)	(13)
		2,881	2,581
Capital and reserves			
Called up share capital	14	574	574
Share premium	15	5,100	5,100
Capital reserve – realised	15	(173)	48
Capital reserve – unrealised	15	(2,623)	(3,191)
Revenue reserve	15	3	50
Total equity shareholders' funds	16	2,881	2,581
Net asset value per ordinary share	17	50p	45p

The financial statements on pages 20 to 31 were approved by the Board of directors on 28th April 2010 and were signed on its behalf by

Michael Barnard
Director

The notes on pages 23 to 31 form an integral part of these financial statements

Cash Flow Statement
for the year to 31 December 2009

	Note		Year ended 31 December 2009 £'000		Year ended 31 December 2008 £'000
Net cash outflow from operating activities	19		(54)		(62)
Returns on investments					
Interest received		6		22	
Investment income		45		66	
			51		88
UK Corporation Tax paid			(6)		(10)
Dividend paid			(48)		(46)
Capital expenditure & financial investment					
Sale of investments		1,071		1 159	
Purchase of investments		(1,102)		(1,114)	
Net cash (outflow)/inflow for capital expenditure & financial investment			(31)		45
Net cash (outflow)/inflow			(88)		15
(Decrease)/Increase in uninvested funds with broker			(88)		15

The notes on pages 23 to 31 form an integral part of these financial statements

Notes to the Financial Statements for the year to 31 December 2009

1 Accounting policies

General

The financial statements have been prepared in accordance with applicable United Kingdom law and accounting policies and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" The accounts have been prepared under the historical cost convention, as modified to include the revaluation of fixed asset investments

Investments

Listed or AIM traded investments are stated at market value, which is based upon market bid prices at the balance sheet date In the event that the shares held by the company are subject to certain restrictions, or the holding is significant in relation to the traded issued share capital of the investee company then the directors may apply a discount to the relevant market price

Investments in unquoted companies are valued by the directors in accordance with British Venture Capital Association ("BVCA") guidelines

Realised surpluses or deficits on the disposal of investments and permanent impairments in the value of investments are taken to realised capital reserves Unrealised surpluses and deficits on the revaluation of investments are taken to unrealised capital reserves Costs incurred relating to acquisitions and disposals are charged to capital reserves as a deduction from proceeds or an addition to costs

It is not the company's policy to exercise controlling or significant influence over investee companies, although it may hold a significant interest in some companies Accordingly, the results of these companies are not incorporated into the revenue account except to the extent of any income earned or received

Income

Dividend income receivable from quoted securities is recognised on the ex-dividend date Income from unquoted equity and non-equity securities is recognised on an accruals basis except that a full provision is made until the receipt of the income is certain

Interest from cash and deposits and fixed returns on debt securities are recognised on an accruals basis

Expenses

All expenses are accounted for on an accruals basis One quarter of the investment management fee is charged to the revenue account and the remaining three quarters is charged to capital reserves, net of corporation tax relief, and inclusive of any irrecoverable value added tax The allocation of the management fee reflects the directors' estimate of the source of the long-term returns in the portfolio from revenue and capital

Notes to the Financial Statements for the year to 31 December 2009

1. Accounting policies (continued)

Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

2 Income

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Interest receivable		
- listed fixed interest securities	5	5
- unquoted investment portfolio	-	-
- bank deposits and liquid funds	1	17
	6	22
Other income	-	7
Dividends receivable	44	66
	50	95

3. Investment management fees

	Year ended 31 December 2009		Year ended 31 December 2008	
	Revenue £'000	Capital £'000	Revenue £'000	Capital £'000
Investment management fees	7	22	10	29

MD Barnard & Company Limited ("MDB") provides investment management services to the company in respect of the company's portfolio of venture capital investments under an investment management agreement dated 12 March 2007 Michael Barnard who is a non-executive director of the company is the owner and managing director of MDB

Under the terms of the investment management agreement, MDB is entitled to a fee (exclusive of VAT) equal to 1% per annum of the net assets of the company The fee is calculated quarterly in arrears based on the net assets at 31 March, 30 June, 30 September and 31 December During the year ended 31 December 2009, the fee payable to MD Barnard & Company equated to 1% per annum of net assets No performance fee is payable

The investment management agreement is for a minimum period of three years from 12 March 2007 terminable by either party at any time thereafter by one year's prior written notice

Notes to the Financial Statements for the year to 31 December 2009

4. Other expenses

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Administrative and secretarial services	10	10
Auditors' remuneration	7	6
-for tax services	7	6
Regulatory fees	9	4
Other expenses	1	5
	34	31

5. Directors' remuneration

No remuneration has been paid or is payable for year to 31 December 2009 or in respect of the prior year

6. Tax charge/(credit) on ordinary activities

	Year ended 31 December 2009		Year ended 31 December 2008	
	Revenue £'000	Capital £'000	Revenue £'000	Capital £'000
United Kingdom tax based on the taxable profit for the year				
- Current year	-	-	(2)	9
- Prior year	2	(9)	-	-
	2	(9)	(2)	9
Factors affecting tax charge for the year				
Return on ordinary activities before taxation	10	669	54	(2,752)
Tax on above at the small company rate of 21% (2008 21%)	2	140	11	(571)
UK dividends not subject to corporation tax	(10)	-	(13)	-
Non taxable gains on investment	-	(140)	-	580
Non allowable expenses	-	-	-	-
Unutilised losses	8	-	-	-
Prior year adjustments	2	(9)	-	-
Current tax charge/(credit) for the year	2	(9)	(2)	9

7. Dividends

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Interim dividend paid	-	-
Final dividend paid in respect of previous year	48	46
	48	46

The directors propose a final dividend of 0 22p per share for the year ended 31 December 2009 to be paid on 16 July 2010 to shareholders on the register at 9 July 2010

8. Return per ordinary share

The revenue return, per ordinary share, is based on the net revenue on ordinary activities after taxation of £8,006 (2008 £56,754) and on 5,745,550 (2008 5,745,550) ordinary shares, being the weighted average number of ordinary shares in issue during the year

The capital return per ordinary share is based on a net realised and unrealised capital gain of £677,727 (2008 loss £2,762,353) and on 5,745,550 (2008 5,745,550) ordinary shares, being the weighted average number of ordinary shares in issue during the year

9. Fixed asset investments

	As at 31 December 2009 £'000	As at 31 December 2008 £'000
Gilts	-	390
UK listed	345	313
AIM	2,534	1,824
PLUS Markets	28	28
Unlisted	30	-
	2,937	2,555

Movements in investments, including realised and unrealised gains and losses, during the year are summarised as follows

	Year ended 31 December 2008					
	Gilts	UK	AIM	Plus Mkts	Un-listed	Total
	£'000	£'000	£'000	£'000	£'000	£'000
at 1 January 2008	814	818	3,468	571	-	5,671
Purchases	405	35	674	-	-	1,114
Transfers	-	-	167	(167)	-	-
	1,219	853	4,309	404	-	6,785
less Sales	903	-	256	-	-	1,159
	316	853	4,053	404	-	5,626
Realised gains/losses	62	-	15	-	-	77
Unrealised gains/losses	12	(540)	(2,244)	(376)	-	(3,148)
	390	313	1,824	28	-	2,555
Cost at 31 December 2008	378	853	4,068	404	-	5,703

Notes to the Financial Statements for the year to 31 December 2009

9 Fixed asset investments (continued)

	Year ended 31 December 2009					
	Gilts	UK	AIM	Plus Mkts	Un-listed	Total
	£'000	£'000	£'000	£'000	£'000	£'000
at 1 January 2009	378	853	4,068	404	-	5,703
Purchases	-	51	1,010	-	41	1,102
Transfers	-	146	(186)	-	40	-
	378	1,050	4,892	404	81	6,805
less Sales	389	166	446	-	70	1,071
	(11)	884	4,446	404	11	5,734
Realised gains/losses	11	(153)	(108)	-	20	(230)
Unrealised gains/losses	-	(386)	(1,804)	(376)	(1)	(2,567)
	-	345	2,534	28	30	2,937
Cost at 31 December 2009	-	731	4,338	404	31	5,504

The overall gain on investments for the years shown in the Income Statement is analysed as follows

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Net realised gain on disposal	108	77
Increase/(Decrease) in unrealised appreciation	244	(2,800)
	352	(2,723)

10. Venture capital investments

A full list of investments held is disclosed under Investment Portfolio

11. Significant interests

The Company did not hold more than 10% of the allotted equity share capital of any class of any investee company

Notes to the Financial Statements for the year to 31 December 2009

12 Debtors

	As at 31 December 2009 £'000	As at 31 December 2008 £'000
UK Corporation Tax	6	-
Uninvested funds with broker MD Barnard & Co Ltd	-	39

13 Creditors

	As at 31 December 2009 £'000	As at 31 December 2008 £'000
Trade creditors and accruals	13	6
UK Corporation Tax	-	7
MD Barnard & Co Ltd	49	-
	62	13

14. Share capital

	As at 31 December 2009 £'000	As at 31 December 2008 £'000
Authorised		
25,000,000 ordinary shares of 10p each	2,500	2,500
Allotted, called up and fully paid		
5,745,550 ordinary shares of 10p each	574	574

15. Reserves

	Share Premium account £'000	Capital realised £'000	Capital unrealised £'000	Revenue reserve £'000
As at 1 January 2009	5,100	48	(3,191)	50
Realised gains/(losses) on disposals	-	108	-	-
Unrealised gains/(losses)	-	-	244	-
Transfer of unrealised loss to realised on disposal of investment	-	(338)	338	-
Net revenue before tax	-	-	-	10
Investment management fee	-	-	(22)	-
Corporate taxation	-	9	8	(9)
Dividends paid	-	-	-	(48)
At 31 December 2009	5,100	(173)	(2,623)	3

16. Reconciliation of movements in shareholders' funds

	£'000
At 1 January 2009	2,581
Return on ordinary activities after tax	347
Dividend paid	(48)
At 31 December 2008	2,881

17 Net asset value per share

Net asset value per share is based on net assets at 31 December 2009 of £2,881,243 (31 December 2008 of £2,581,240) and on 5,745,550 ordinary shares in issue at those dates

18. Performance incentive arrangements

The Investment Manager is not entitled to any performance incentive arrangements

19 Net cash outflow from operating activities

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Operating activity		
Operating profit	340	(2,698)
(Profit) on sale of investments	(108)	(77)
Investment income	(50)	(88)
Unrealised (gains)/losses on investments	(244)	2,800
Increase in creditors	8	1
	(54)	(62)

20. Risk management and financial instruments

A statement of the company's principal objectives is given on page 1 In order to achieve these objectives the company invests its funds primarily in qualifying holdings in unlisted companies and companies traded on AIM, which by their nature may entail a higher degree of risk than investments in large listed companies The company has not entered into any derivative transactions, and does not expect to do so in the foreseeable future As a venture capital trust, the company invests in securities for the long term, and it is the company's policy that no trading in investments or other financial instruments shall be undertaken

20 Risk management and financial instruments (continued)

Market price risk

The main risks arising from the company's investing activities are market price risk, representing the uncertain realisable values of the company's investments The directors aim to limit the risk attaching to the portfolio as a whole by careful selection of investments and by maintaining a wide spread of investments in terms of financing stage, industry sector and geographical location

Interest rate risk

The company finances its activities through retained profits including realisable capital profits, and through the issue of equity shares It has not entered into any borrowings The company's investment portfolio includes investments in interest bearing securities in investee companies and in other fixed interest securities Details of interest bearing assets are given below under Financial assets

Liquidity risk

There is liquidity risk associated with unquoted investments, which are not readily realisable

Credit risk

Credit risk is the risk of a borrower defaulting on either an interest payment or the capital sum of a loan The company has not made any loans to investee companies

Currency risk

The company's assets and liabilities are denominated in sterling

Financial assets

The interest rate profile of the company's financial assets is set out below

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Floating rate	-	39
Fixed rate	-	389
Non-interest bearing	2,937	2,166
	2,937	2,594

Notes to the Financial Statements For the year to 31 December 2009

20. Risk management and financial instruments (continued)

Fixed rate assets	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Weighted average interest rate	-	2 5%
Weighted average years to maturity	-	1

Floating rate financial assets comprise cash held on deposit and investments in liquidity funds The benchmark rate for these investments is the UK bank base rate

Non-interest bearing financial assets comprise equity share and non-equity share investments in investee companies, cash held on non-interest bearing deposit and debtors

Fair values

The investments of the company are valued by the directors in accordance with the guidelines issued by the British Venture Capital Association, and the carrying values are considered to approximate the fair value of the investments

21. Related party transactions

New Century AIM VCT2 plc is managed by M D Barnard & Co Limited

22 Capital commitments

There were no investments which were approved at the year end but which had not completed

23. Control

New Century AIM VCT2 plc is not under the control of any one party or individual

Shareholder Information
for the year to 31 December 2009

The Company

New Century AIM VCT2 PLC was incorporated on 16 January 2007 On 4 April 2007, the company obtained a listing on the London Stock Exchange A total of £5 745 million was raised (before expenses) through an offer for subscription of new ordinary shares at 100p The company has been provisionally approved as a Venture Capital Trust by the Inland Revenue

The Investment Manager

New Century AIM VCT2 PLC is managed by M D Barnard & Company Limited, an independent fund management company based in Laindon, Essex M D Barnard & Company currently manages or advises private client funds and venture capital funds totalling approximately £25 million including New Century AIM VCT2 PLC

Venture Capital Trusts

Venture Capital Trusts (VCTs) were introduced in the Finance Act 1995 and are intended to provide a means whereby individual investors can invest in small unquoted trading companies in the UK, with incentives in the form of a number of tax benefits From 6 April 2005, investors subscribing for new shares in a VCT have been entitled to claim income tax relief of 30% on their investment, irrespective of their marginal tax rate (up to a maximum investment of £200,000 per tax year) The tax relief cannot exceed the amount which reduces an investor's income tax liability to nil In addition all dividends paid by VCTs are tax free and disposals of VCT shares are not subject to capital gains tax

New Century AIM VCT2 has been provisionally approved as a VCT by the Inland Revenue In order to maintain its approval the company must comply with certain requirements on a continuing basis, in particular, within three years from the date of provisional approval at least 70% by value of the company's investments must comprise "qualifying holdings", of which at least 30% by value must be in eligible ordinary shares A "qualifying holding" consists of up to £1 million invested in any one year in new shares or securities in an unquoted company which is carrying on a qualifying trade and whose gross assets do not exceed £15 million at the time of investment For the purposes of these criteria, unquoted companies include companies whose shares are traded on the Alternative Investment Market ("AIM")

As with investment trusts, capital gains accruing to VCTs are not chargeable gains for UK Corporation Tax purposes

Financial calendar

Annual General Meeting	14 June 2010
Interim report for six months to 30 June 2010 published	August 2010
Preliminary announcement of results for the year to 31 December 2010	April 2011
Annual General Meeting 2010	May 2011

Share price

The mid-market price of shares in New Century AIM VCT PLC is available daily on the London Stock Exchange website (www londonstockexchange com)